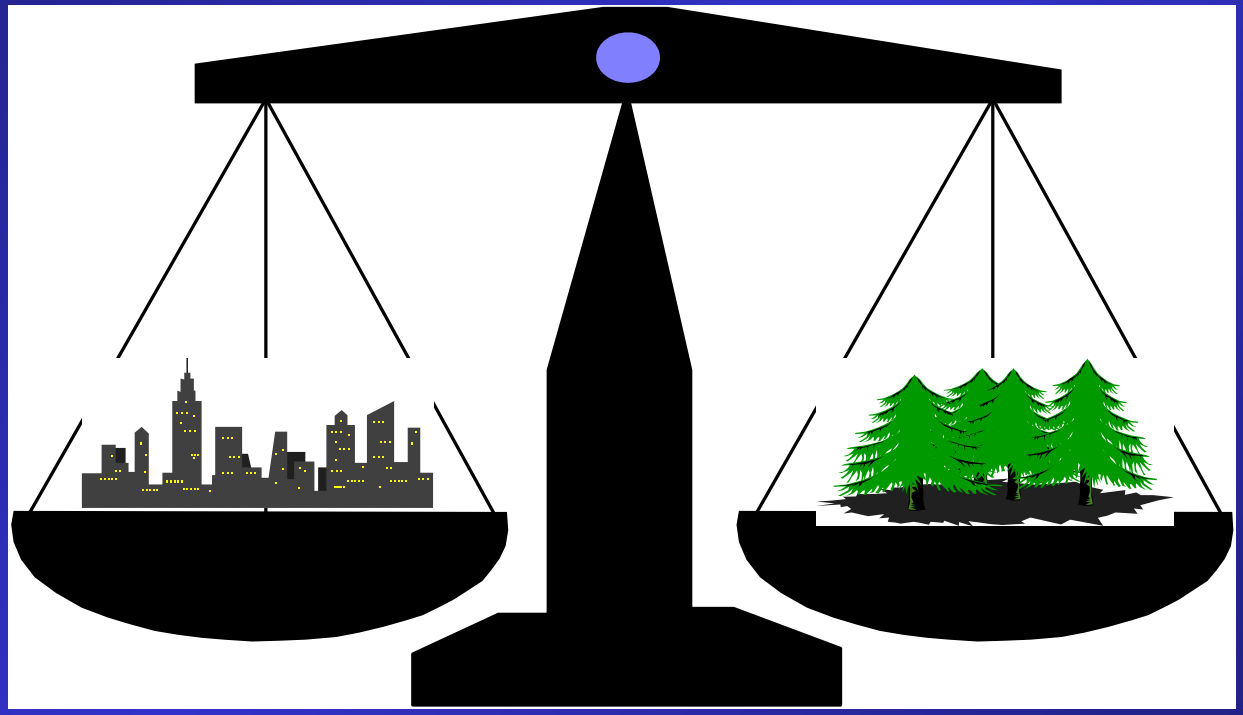
Economic & Environmental Analysis: New Paradigms



MG Robert Griffin, Director of Civil Works

16 July 2003

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Water Resources Infrastructure: Key to Prosperity

OR

Nations with water, who develop and protect their water infrastructure, tend to prosper, while those without water infrastructure tend to languish

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Future Challenges

- Increasing trade – infrastructure
- Development – environment
- Point solutions – watershed approach
- Aging infrastructure – public awareness

Increasing

Planners
are the
Cavalry

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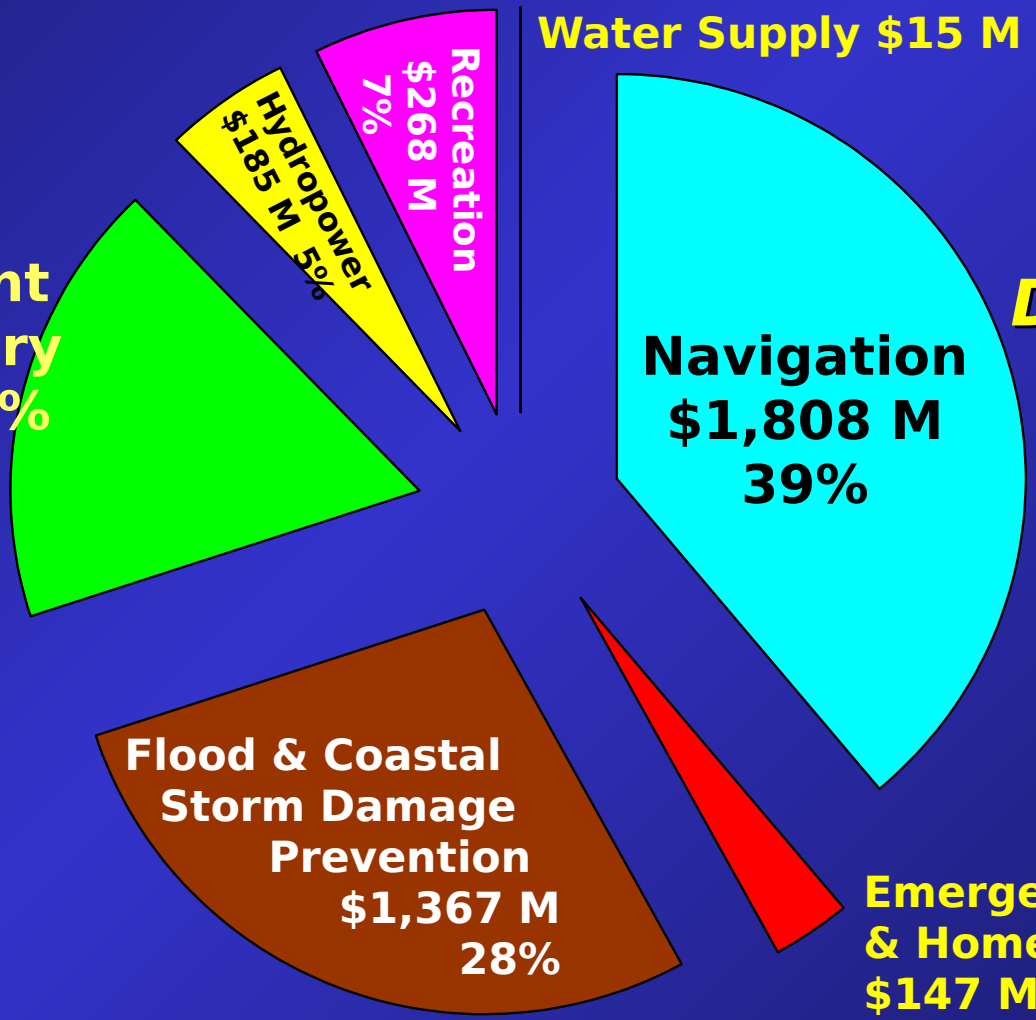
Future Trends


Water Supply $15 M 0.3%
Recreation $268 M 7%
Hydropower $185 M 5%
Navigation $1,808 M 39%
Environment & Regulatory $831 M 18%
Flood & Coastal Storm Damage Prevention $1,367 M 28%
Emergency Management & Homeland Security $147 M 3%

Environment & Regulatory $831 M 18% AND GROWING!

Energy & Water Development FY 2002 Funding by Business Program

Total $4,623 M

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Environmental Sustainability

A process whereby environmental and economic considerations are effectively balanced in project planning, design, construction, operation and maintenance …

… Not “bolted on” at the end

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Policy for Environmental Sustainability

- Consistent with *Principles and Guidelines*
- Formulate multi-purpose plans that produce both economic and environmental benefits
- More fully integrate the consideration of the environment throughout the life cycle of the project

"Build projects for all stakeholders"

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Environmental Operating Principles

1. Strive to achieve Environmental Sustainability.
2. Recognize the interdependence of life and the physical environment.
3. Seek balance and synergy among human development activities and natural systems
4. Continue to accept corporate responsibility and accountability
5. Seek ways and means to assess and mitigate cumulative impacts
6. Build and share an integrated scientific, economic & social knowledge base
7. Respect the views of interested individuals and groups

"Leaders set the Azimuth"

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The Nature Conservancy MOU

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The Nature Conservancy
Saving the Last Great Places

- Signed 14 December 2000 by ASA(CW)
- First for the Corps
- Partnering with largest conservation organization in the world

Guiding Principles

- Science-based
- Non-confrontational
- Community-based
- Solution-oriented

Mission

To preserve the plants, animals, and natural communities that represent the diversity of life on Earth by

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Green River, KY, Re-Regulation

- Better align flows to “pre-dam” conditions
- Restore 800 ft. of eroding stream bank
- Re-forest 68 acres
- ***Nine more candidate projects on the way***

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Corps-EPA MOU

- Signed 2 July 02
- Clean up urban rivers (contaminated sediment)
- Leadership commitment to cooperate

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National Level Scrutiny!

Examples:

- Delaware River
- Upper Mississippi

Every project must pass the "Light of Day" test

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Delaware River Project

- Economic analysis matters!
- It's the very foundation of our project recommendations

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Civil Works Project Pause

- Initiated 30 Apr 02
- Projects authorized but not yet under construction
- Check for current economic analysis, validity of formulation decisions, rigor of review process
- MSC commander approval

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Civil Works Project Pause
(continued)

- 164 projects
- Results
  - 80 projects OK to proceed
  - 76 already being re-evaluated at districts or divisions
  - 8 identified for re-look
    - 5 in CA, 1 each in TX, DE, NJ

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Upper Mississippi Navigation Study

- Re-Started Aug 01
- Emphasizes Nation's need to sustain both a quality ecosystem and an effective navigation system
- Scenario-based approach
- Federal Principals Group

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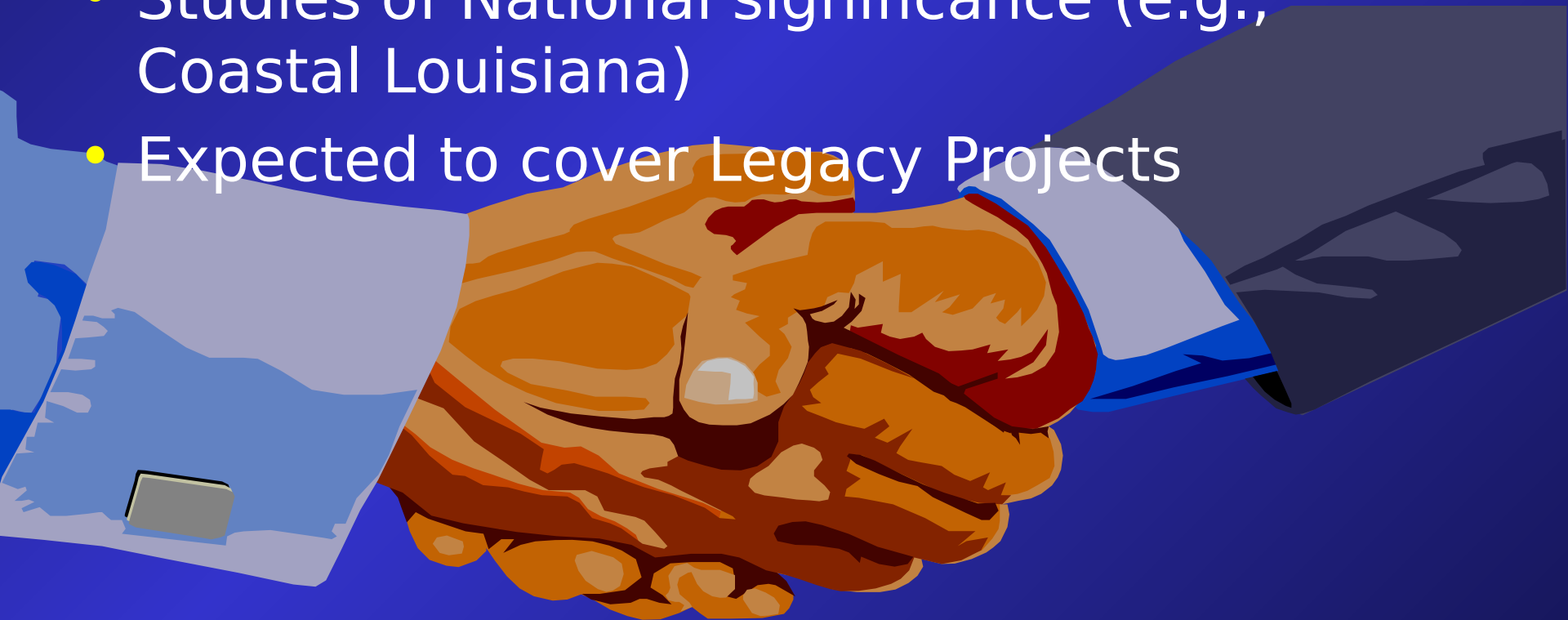
Federal Principals Group

- Outgrowth of successful collaboration on Upper Mississippi navigation study
  - USFWS, EPA, NMFS, NRCS, Corps, others
- Studies of National significance (e.g., Coastal Louisiana)
- Expected to cover Legacy Projects



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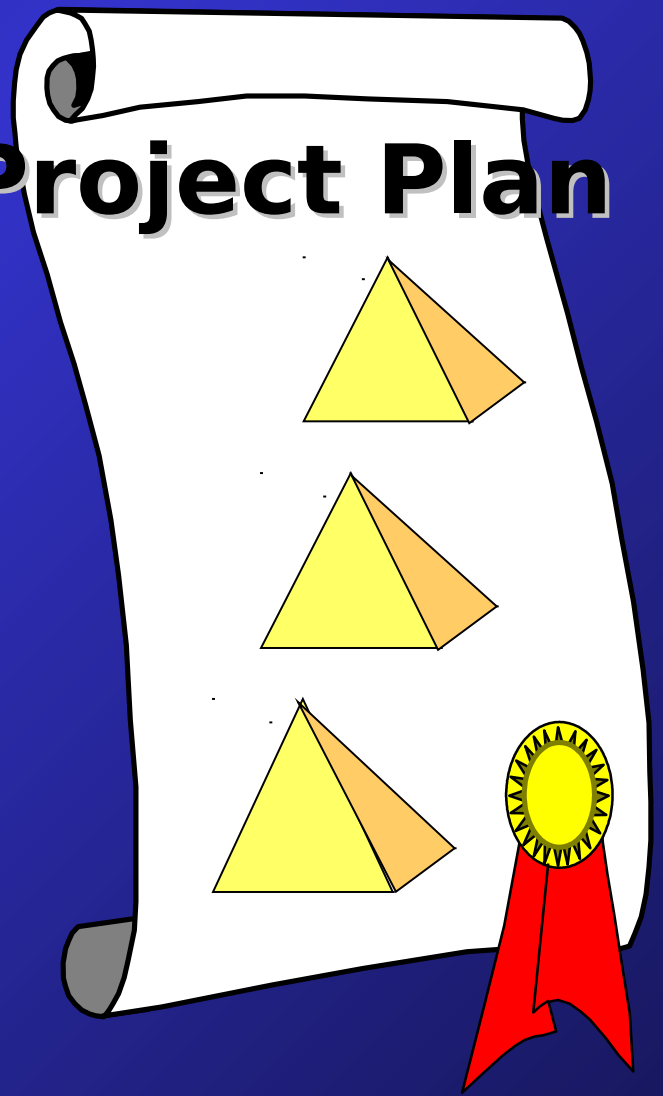
"Legacy Project" Concept

- Apply to projects with longstanding controversy
- Involve stakeholders, Federal and State/local agencies
- Execution at regional level
- Oversight by Federal Principals Group



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Planning "Restoration"

- Training
- Tools
- Leader Support
  - Chief Economist
  - Chief Environmental Scientist

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Training for Planners

Planning Capability Improvement Program

- Task Force developed
- Orientation and Planning Core Curriculum complete
- New “Planning Associates” (Fellowship) Program ready in FY 03
- Starting Masters in Water Resources Program, Fall 02

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Planning Models

- Provide best tools available (state of the art)
- IWR, labs validating economic and environmental models
- Developing models with other federal agencies, NAS

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Maintaining Planning Capability

- Districts retain basic planning capability
  - Plan formulation
  - Economic
  - Environmental
- Concentration of “specialists”
- In place over time

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Corps Reform: Smith-McCain-Feingold Bill (S. 1987)

One of several reform proposals on the Hill

Includes:

- **Independent review of Corps proposals by the Army I.G.**
- **Water Resources Council prioritization of authorized projects.**
- **SecArmy to recommend only projects with benefit/cost ratio of 1.5 or greater;**
- **Revision of *Principles & Guidelines* according to Congressional criteria**
- **Increased non-Federal cost sharing.**

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Corps Reform – Our View

- Yes … but done in context of National priorities, values and resolution.
- Independent Review
  - Within Chief's Report Process
  - Review within time and cost constraints

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Standing MSC Support Teams

Who You Gonna Call?

- HQ Civil Works Standing Support Teams for each MSC stood up 24 Jun 02.
- Teams have permanent members who include the Area Manager, Planning, Engineering and Construction, Operations, Programs, Real Estate, and Counsel.

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Team Leaders

Who You Gonna Call?

LRD	Carol Angier	202-761-4101
MVD	John Lucyshyn	202-761-4537
NAD	Let Mon Lee	202-761-4527
NWD	Jessica Fox	202-761-1955
POD	Gil Kim	202-761-5546
SAD	Joe Rees	202-761-4153
SPD	Vince Montante	202-761-4108
SWD	Marilyn Benner	202-761-7763

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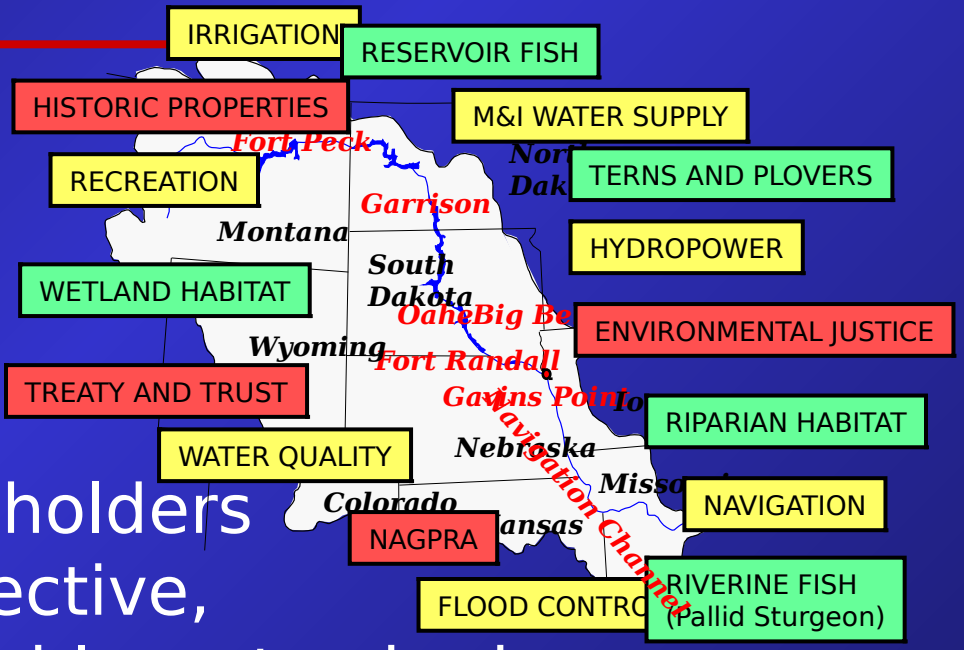
Watershed Planning

- Collaborative approach
- Federal, State, local & non-government partnership
- Early and continuous involvement by all stakeholders
- Multi-purpose, multi-objective, environmentally sustainable watershed approach
- Considers cumulative impacts
- Solutions to localized problems undertaken in context of overall watershed objectives
- Operating projects monitored, adaptively managed



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American Water Resources Assn. National Water Policy Dialogue

- 17-18 Sep 02 in Washington, DC
- Chairman: Brig.Gen. (Ret.) Gerry Galloway
- ***All Viewpoints Welcome***
- ***6 Key Issues:***

- ✓**Safety and security of water resources**
- ✓**Water infrastructure**
- ✓**Flood plain and coastal zone management**
- ✓**Sustainable water use and drought management**
- ✓**Managing watersheds holistically**
- ✓**Restoring and protecting the environment**

Chart Future National Water Resources Policies

Questions?